

STEP 6# The bank is left with a \$600,000 mortgage on a \$200,000 home for a loss. If the loan was FHA-insured, the federal government absorbs the loss.



STEP1# Subject A purchases a property for \$200,000.



STEP 2# Subject A has the property fraudulently appraised for \$800,000.



STEP 5# No payments are made towards the mortgage. Home goes into foreclosure.



STEP 4# Subject A pays off first loan of \$200,000. Subjects A & B split \$600,000 balance.



STEP 3# Subject A sells the property for \$800,000 to Subject B (straw buyer). A **straw buyer** is a loan applicant used to obtain a loan, but does not intend to occupy the property.



Miami-Dade Police Department
Economic Crimes Bureau
Mortgage Fraud Task Force
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Anatomy of a Common Mortgage Fraud